

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

PACIFIC INTERNATIONAL BANKCORP, INC & PACIFIC INTERNATIONAL BANK

Point of Contact:	Terry Stull	RSSD: (For Bank Holding Companies)	3272938 & 3071083
UST Sequence Number:	67	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	6,500,000	FDIC Certificate Number: (For Depository Institutions)	57246
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 12, 2008	City:	Seattle
Date Repaid ¹ :	N/A	State:	Washington

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDICI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDICI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDICI investment was deployed or how many CPP/CDICI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDICI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDICI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

the \$6.5 million CPP funds have helped to enhance capital levels at P.I. Bank which have helped to keep lending windows open during a very difficult year in the Pacific Northwest. The bank has originated over \$33 million in loans most of which were SBA loans and helped small ethnic businesses.

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

P.I. Bank focuses on Small Business (SBA) loans with emphasis on hotels, restaurants, gas stations, dry cleaners, "C" stores and other small businesses. Most of the bank's lending customers are Korean. The Bank has been one of the top 5 SBA lenders in it's market most of the last three years.

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

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☒ **Increase reserves for non-performing assets.**

Increased capital levels resulting from TARP funds have increased Bank Capital Levels and allowed the Bank to maintain capital levels above those required by Bank's Consent Order and above levels once considered "Well Capitalized".

☐ **Reduce borrowings.**

☒ **Increase charge-offs.**

P.I Bank has had significant loan charge-offs in the current year and would not have been able to maintain acceptable capital ratios without the receipt of CPP funds which P.I. Bancorp contributed to P.I. Bank to enhance the Bank's capital levels.

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<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.
Empty space for response	

<input type="checkbox"/>	Held as non-leveraged increase to total capital.
Empty space for response	

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The Bank operates under a Consent Order due to increased levels of non-performing and delinquent loans that have occurred in the Bank's market area during the last few years. Without the increased capital levels made possible by the infusion of CPP funds the Bank's ability to lend additional funds would have been severely limited during the last year. As it were the bank was able to originate over \$33 million in new loans in 2011, most of which were to small businesses. These lending volumes helped to keep the doors on small businesses open and in many cases could have been the difference between survival and death for many small businesses.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The additional capital levels resulting from the CPP funds which increased the Bank's capital levels have allowed the bank to be more patient with its distressed borrowers during what has been a very difficult economic time for small businesses in our market place. The Bank has repossessed less than a handful of properties in each of the last two years.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

N/A